

Message Text

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PAGE 01 STATE 014094

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ORIGIN OPIC-06

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FM SECSTATE WASHDC

TO AMEMBASSY GABORONE PRIORITY

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E.O. 11652: N/A

TAGS: EFIN

SUBJECT: VISIT OF GULF RESOURCES OFFICIALS/SCOPE OF
DISCUSSIONS

REF: GABORONE 0076

1. GULF RESOURCES REPS ARRIVE GABORONE AS ORIGINALLY
SCHEDULED 10:50 AM JANUARY 27.

2. IN INTEREST OF EXPEDITING NEGOTIATIONS, A SPECIFIC LIST
OF ITEMS GULF WISHES TO DISCUSS DURING STAY FOLLOWS;
OBVIOUSLY SOME ITEMS WILL BE DISCUSSED IN MORE DEPTH THAN
OTHERS. POINT IS, GULF ANXIOUS TO RESOLVE AS MANY PRELIMI-
NARY CONSIDERATIONS AS POSSIBLE THIS TRIP TO STRENGTHEN HAND
IN TALKS WITH POTENTIAL SOURCES OF DEMAND IN AUSTRALIA AND
JAPAN WHICH FOLLOW IMMEDIATELY. OPIC CONCURS WITH APPROACH,
AND FEELS CIRCULATION OF ENCLOSED OUTLINE TO KEY GOB OFFI-
CIALS PRIOR TO NEGOTIATING SESSIONS WILL ALLOW GREATER
PROGRESS TO BE REALIZED. REQUEST EMBASSY PASS INFO PINTZ.
ADDITIONAL COPIES BEING POUCHED SHOULD ARRIVE SATURDAY,
JANUARY 24.

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PAGE 02 STATE 014094

3. ITEMS TO BE DISCUSSED:

-- 1. SPECIAL PROSPECTING LICENSE

- 1. POSSIBILITY OF EXTENSION
- 2. NOTICE PERIOD FOR TERMINATION
- 3. MINIMUM AND TARGET EXPENDITURES
- 4. REPORTING SYSTEM
- 5. FORMATION LOCAL COMPANY AS LICENSE HOLDERS.
-- OFFICERS?
- 6. RIGHT TO ASSIGN LICENSE TO JOINT VENTURE

-- 2. MINING LEASE

- 1. MECHANISM OF TRANSFER FROM SPL
- 2. POSITION REGARDING UNSPENT EXPLORATION EXPENDI-
-- TURE REQUIREMENT
- 3. GOVERNMENT EQUITY (A) FREE (B) ADDITIONAL
-- PURCHASED
- 4. ANY GOVERNMENT RESTRICTION ON PARTICIPANTS IN
-- J. V. COMPANY. (NB SOUTH AFRICA)
- 5. RIGHT OF PARTICIPANTS TO WITHDRAW
- 6. PERIOD ALLOWED FOR FINANCING
- 7. PROTECTION FROM COMPETITION OVER FIRST 10 YEARS
-- OF PRODUCTION
- 8. THEREAFTER PROTECTION FROM ANY LATER OPERATION
-- THAT COULD DELETIRIOUSLY EFFECT ABILITY TO

-- EXTRACT BRINE OR OVERLOAD TRANSPORT SYSTEM
- 9. MINING LEASE DURATION
- 10. OTHER LICENSES REQUIRED

-- 3. TAXES

- 1. FULL UNDERSTANDING OF LEGISLATION APPLICABLE TO
-- COMPANY TAXATION
- 2. GOVERNMENT TO LIST ALL OTHER TAXES. POTENTIALLY
-- (A) WITHHOLDING TAX ON LOAN INTEREST
-- (B) WITHHOLDING TAX ON DIVIDENDS
-- (C) PROPERTY TAXES
-- (D) DISCRIMINATORY EXPORT TAXES

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PAGE 03 STATE 014094

- (E) SEVERENCE TAX ON PRODUCTS
- (F) V. A. T.
- 3. INSISTENCE ON NO DISCRIMINATORY TAXES
- 4. INCOME TAX RATES-DURING PAYBACK - AFTER PAYBACK
- 5. TREATMENT OF LOSSES FOR TAX PURPOSES
- 6. TAX CREDITS
-- (A) TRAINING COSTS
-- (B) EXPORT INCENTIVES

- (C) ROYALTIES-DURING PAYBACK - AFTER PAYBACK
 - 4. IMPORT DUTIES
 - 1. INITIAL CONSTRUCTION. REBATES?
 - 2. REPLACEMENTS
 - 5. EXPATRIATE WORK PERMITS
 - 1. FIRM GUIDELINES REQUIRED
 - 2. REPATRIATION OF EXPATRIATE SALARIES
 - 3. PERSONAL TAX RATES-ON BOTSWANA PORTION OF SALARIES - ON U.S. PORTION
 - 4. TIME LIMITATIONS FOR EXPATRIATES
 - 5. SALARY LIMITATIONS IF ANY
 - 6. EMPLOYEE BENEFITS
 - 1. GOVERNMENT REQUIREMENTS
 - (A) LOCAL EMPLOYEES
 - (B) EXPATRIATE EMPLOYEES LIMITED AS A PERCENTAGE? OR TO JOBS WHERE THERE ARE NO QUALIFIED LOCALS?
 - 2. SALARIES AND WAGES
 - (A) LOCAL
 - (B) EXPATRIATE
 - 7. INFRASTRUCTURE
 - 1. CONFIRMATION OF WHAT GOVERNMENT IS TO PROVIDE
 - (A) RAIL
 - (B) TOWNSHIP - FACILITIES
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- PAGE 04 STATE 014094
- (C) WATER SUPPLY
 - (D) POWER STATION AND DISTRIBUTION SYSTEM
 - 2. SAFEGUARDS TO COMPANY IN EVENT OF FAILURE TO PROVIDE ON TIME
 - 8. GOVERNMENT ASSISTANCE
 - 1. ASSISTANCE IN NEGOTIATIONS WITH POTENTIAL CONSUMING COUNTRIES RE TARIFFS, ETC.
 - 2. ASSISTANCE IN NEGOTIATIONS WITH RHODESIAN AND SOUTH AFRICAN RAILWAYS, PORT AUTHORITIES
 - 3. DEGREE OF PROTECTION IN SOUTH AFRICAN MARKET
 - 9. CLASSIFICATION OF PROJECT

- 1. INDUSTRIAL OR MINING
 - 2. IDEAL SINGLE POINT OF REFERENCE IN GOVERNMENT

 - 10. FINANCING

 - 1. GULF'S POSITION RE LOAN GUARANTEES
 - (A) PROJECT LOANS
 - (B) INFRASTRUCTURE LOANS
 - 2. GOVERNMENT RESTRICTION ON LOAN SOURCES (SOUTH AFRICA)
 - 3. FINANCING AS EQUITY OR AS LOANS?

 - 11. DEPRECIATION ALLOWANCES

 - 1. GULF REQUIREMENTS
 - ACCELERATED - AS FAVORABLE AS ANY OTHER
 - COMPANY DOING BUSINESS IN BOTSWANA NOW OR IN THE FUTURE. NO LESS FAVORABLE THAN U.S.
 - ACCELERATED RATE.

 - 12. ROYALTIES

 - 1. BASIS
 - 2. RATE - DURING PAYBACK - AFTER PAYBACK
 - 3. CONCESSION
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PAGE 05 STATE 014094

- 13. FOREIGN CURRENCY

- 1. AVAILABILITY OF FOREIGN EXCHANGE FOR EXPANSIONS, REPLACEMENTS, DIVIDEND PAYMENTS, MANAGEMENT FEES, SALES COMMISSIONS, ETC.
- 2. APPLICABLE EXCHANGE RATES
- 3. A COMMON RATE
- 4. TRUSTEE BANK ACCOUNT OFFSHORE - BAHAMAS? - FOR FOREIGN DEBT SERVICING

- 14. REPATRIATION OF MONIES

- 1. INVESTMENT CAPITAL - EQUITY AND LOAN
- 2. ANNUAL PROFITS
- 3. CAPITAL
- 4. FOREIGN INVESTMENT POLICY
- 5. FOREIGN INVESTMENT APPROVAL
 - - BY WHOM IN GOVERNMENT
 - - BY CENTRAL BANK
- 6. REQUIREMENT TO REGISTER THE CAPITAL INVESTED?
 - ARE DIVIDENDS RELATED TO THIS?

-- IS REPATRIATION OF CAPITAL RELATED TO THIS?

-- 15. CORPORATION LAW

- 1. FORMS OF CORPORATION
- 2. FORMALITIES OF CORPORATION
- 3. CORPORATE NAME
- 4. NATIONALITY AND RESIDENCY REQUIREMENTS FOR
MANAGERS, OFFICERS AND DIRECTORS
- 5. WHERE ARE CORPORATE RECORDS KEPT. BOTSWANA?

-- 16. LABOR

- 1. RECRUITMENT
- 2. LABOR LAWS
 - - COLLECTIVE BARGAINING RIGHTS
 - - STRIKES, ETC.
- 3. BENEFITS

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PAGE 06 STATE 014094

-- 17. EXPORT CONTROL REGULATIONS

- 1. LICENSES
- 2. WHAT ARE REQUIREMENTS OF CONVERTING FOREIGN
RECEIPTS TO BOTSWANA CURRENCY

-- 18. LIABILITY INSURANCE

- 1. WHO WRITES
- 2. WORKMAN'S COMP?

-- 19. REAL ESTATE

- 1. HOW OWNED SISCO

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